



# Public School Employees' Retirement Board

## Board Meeting Minutes

### August 5, 2022

Call to Order: Chair Christopher Santa Maria called the meeting to order at 8:05 A.M. from the PSERS Board room and via MS Teams.

#### Board Members Present:

Christopher Santa Maria, Chair	Jason Davis	Ann Monaghan
Rep. Frank Ryan, Vice-Chair (out @ 11:31)	Eric DiTullio	Sen. Katie Muth (in @ 9:03, out @ 10:05, in @ 11:27)
Patrick Shaughnessy for Rep. Matt Bradford	Treas. Stacy Garrity (out @ 11:33)	Joe Torsella
Stacey Connors for Sen. Patrick Browne	Patrick Lord for Sec. Eric Hagarty	Sec. Richard Vague
	Susan Lemmo	Melva Vogler
	John Callahan for Nathan Mains	

#### Other Board Present:

Anne Baloga	Christopher Craig	Jill Vecchio
James Bloom	Lloyd Ebright	
Susan Boyle	Alan Flannigan	

#### Others Present:

Peter Camacci	Elizabeth Goldstein	David Shissler
Brian Carl	Bev Hudson	Laura Vitale
Tivia Danner	Jennifer Mills	Caitlin Witmer
Bob Devine	Terri Sanchez	
Mercedes Evans	Letitia Schubauer	

#### 7.1 Acceptance of Published Agenda or Amendments

Christopher Santa Maria moved to amend the published agenda to include a discussion of October 2022 Board Meeting dates under Old Business and requested a motion to accept the amended agenda with flexibility. Rep. Frank Ryan moved with Patrick Shaughnessy seconding. The motion passed unanimously.

#### 7.2 Minutes from June 17, 2022

Rep. Frank Ryan offered a correction to the June 17 minutes to reflect 2022. Sec. Richard Vague moved to approve the corrected minutes, with Melva Vogler seconding. The motion passed with one abstention being Ann Monahan.

#### 7.3 Introduction of New Employees and Guests

Terri Sanchez welcomed new employees, Jameson Pownall and Mary Lane, to PSERS, and introduced them to the Board. Presentation located in Diligent Board Book.

#### 7.4 Public Comment

Terri Sanchez introduced Eric Epstein from Rock the Capitol. Eric Epstein, a Dauphin County resident who runs the good-government group *Rock the Capital*, spoke to the Board about several issues. Mr. Epstein thanked the Board for being hospitable as he spoke of the importance of independent boards and other government agencies of following public meeting rules and the recording of meeting minutes as outlined in the Sunshine Act. He also spoke about sustainable investing, particularly related to two Board agenda items; a \$100 million commitment to EQT Exeter Industrial Value Fund VI, L.P., and a

PSERS investment staff proposal to enact a sustainable investment framework titled "Culture and Transformative Innovation".

## 7.5 Old Business

### 7.5.1 Executive Session not needed

### 7.5.2 Chief Counsel Selection with Action Item Required

Christopher Santa Maria reported the Board met in Executive Session on July 20, 2022, with the purpose of interviewing final candidates for PSERS Chief Counsel. Mr. Santa Maria recommended the Board appoint Joseph J. Indelicato, Jr. to the position of Special Advisor to the Board with subsequent appointment to Chief Counsel for PSERS.

Stacey Connors left the meeting before the discussion of PSERS Chief Counsel appointment.

Action Items –

**Resolution 2022-52** Re: Appointment of Special Advisor/Chief Counsel

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") hereby appoints Joseph J. Indelicato, Jr. to the position of Special Advisor to the Board, with subsequent appointment to the position of Chief Counsel subject to and upon completion of: (1) start date negotiations, (2) compensation approvals as required, and (3) any other necessary clearances and requirements.

Christopher Santa Maria moved, with Susan Lemmo seconding. The motion passed with two absent being Stacey Connors and Sen. Katie Muth.

Christopher Santa Maria moved to change the October 17-18, 2022, Committee and Board meetings to October 20-21, 2022. Rep. Frank Ryan seconded and the motion passed unanimously.

Stacey Connors returned to the meeting.

## 7.6 New Business - none

## 7.7 Committee Reports

### 7.7.1 Governance & Administration Committee

Patrick Shaughnessy reported on the Committee meeting held on August 4, 2022.

Patrick Shaughnessy stated that the Committee approved the minutes of the May 27, 2022, meeting.

Patrick Shaughnessy reported on the following:

The Committee considered and adopted amendments to Committee Charters and a change to Bylaws regarding succession for Committee Chairs who are unable to complete the full term. The Bylaw requirement for a 15-day notice may result in a future special meeting prior to the regular October Board meeting.

The Committee distributed the Board Communications Policy and Public Participation and Attendance Policy for initial review ahead of future discussion.

Bev Hudson presented her Deputy Executive Director report including general administration matters.

Action Items –

**Resolution 2022-57** Re: Strategic Planning Policy

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") hereby adopts the Strategic Planning Policy as proposed and recommended by the Governance and Administration Committee, and contained in Attachment A.

Patrick Shaughnessy moved, with Melva Vogler seconding. The motion passed unanimously.

Patrick Shaughnessy stated the follow up will be to locate potential vendors to facilitate the Strategic Planning policy.

**Resolution 2022-58** Re: Travel Policy Amendment

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") hereby adopts the amendment to the PSERS Board Travel Policy as proposed and recommended by the Governance and Administration Committee, and contained in Attachment B.

Patrick Shaughnessy moved, with Jason Davis seconding. Jason Davis offered a friendly technical amendment to the resolution. The friendly amendment did not need a vote. The original motion passed with one opposed being Eric DiTullio.

**7.7.2 Ad Hoc Committee**

Susan Lemmo reported on the Committee meeting held on August 4, 2022.

Susan Lemmo stated that the Committee approved the minutes of the June 16, July 7, and July 29, 2022, meetings.

Susan Lemmo reported the Committee held an Executive Session for an update on a Chief Counsel employment offer and an update on the compensation study.

**7.7.3 Health Care Committee**

Susan Lemmo reported on the Committee meeting held on August 4, 2022.

Susan Lemmo stated that the Committee approved the minutes of the June 16, 2022, meeting.

Susan Lemmo reported on the following:

Peter Camacci provided a review of the 2023 Fully-Insured Hop Dental and Visions Plan and Rates.

Melanie Clark from Segal provide a review of the 2023 Fully-Insured MCO Medicare Advantage Plan Offerings.

**7.7.4 Benefits & Appeals Committee**

Melva Vogler reported on the Committee meeting held on August 4, 2022.

Melva Vogler stated that the Committee approved the minutes of the June 16, 2022, meeting.

Melva Vogler reported on the following:

Michael Reid, CEM, on presented the PSERS Pension Administration Benchmarking Report for Fiscal Year 2021.

The Committee reviewed the Executive Staff Review Committee report for June 10, 2022.

**7.7.5 Audit, Compliance & Risk Committee**

Rep. Frank Ryan reported on the Committee meeting held on August 4, 2022.

Rep. Frank Ryan stated that the Committee approved the minutes of the June 16, 2022, meeting.

Rep. Frank Ryan Davis reported on the following:

David Shissler provided an update on the SOC1 Type2 and Internal Controls Audit.

Rep. Frank Ryan provided an overview of the Global Investment Performance Standard (GIPS) project and an update on the Ernst & Young (E&Y) issue related to an SEC fine.

Rep. Frank Ryan reported the Committee held an Executive Session for updates on the Special Investigation Follow Up and DOJ Investigation.

Rep. Frank Ryan provided comments related to Eric Epstein's public comment in relation to Internal Controls and SOC1 reports.

**7.7.6 Investment Committee**

Sec. Richard Vague reported on the Committee meeting held on August 4, 2022.

Sec. Richard Vague stated that the Committee approved the minutes of the June 7, June 17, and July 26, 2022, meetings.

Sec. Richard Vague reported on the following:

Robert Devine, Interim Chief Investment Officer, gave a PSERS Investment Dashboard overview.

Claire Shaughnessy, Aon, gave a presentation on the First Quarter Performance.

Action Items –

**Resolution 2022-53** Re: Investment Policy Statement

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") hereby adopts the changes to the Investment Policy Statement for the Public School Employees' Retirement System pursuant to the memo from Joseph W. Sheva, Director - Risk and Compliance, dated July 8, 2022.

Jason Davis moved, with Eric DiTullio seconding. The motion passed with one absent being Sen. Katie Muth.

**Resolution 2022-54** Re: Caspian Keystone Focused Fund and Caspian Focused Opportunities Fund

**RESOLVED**, pursuant to the recommendation of Carl Lantz, Senior Portfolio Manager, Richard Ko, Senior Investment Professional, and Aksia LLC, the Public School Employees' Retirement Board (the "Board") hereby (i) transfers the Caspian Keystone Focused Fund, an existing fund-of-one with \$275 million of non-binding capacity rights, from the liquidating Absolute Return portfolio to Public Fixed Income – U.S. Corporate High Yield, and (ii) invests an initial amount of up to \$350 million, plus reasonable normal investment expenses, in the Caspian Focused Opportunities Strategy with the Investment Office having discretion to invest additional sums within the target ranges approved by the Board as found in the Investment Policy Statement.

The final terms and conditions of the investment must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Office of Executive Director, as evidenced either by the appropriate signatures on, or by a memo to that effect appended to, the implementing investment contract.

Jason Davis moved, with Eric DiTullio seconding. Rep. Frank Ryan offered a friendly amendment to lower the original proposed initial investment amount from \$500 million to \$350 million. Jason Davis and Eric DiTullio accepted Rep. Ryan's friendly amendment. The motion passed with one opposed being Joe Torsella and one absent being Sen. Katie Muth.

**Resolution 2022-55** Re: TDR Capital V L.P.

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") hereby commits an amount not to exceed €95 million (~\$100 M), plus reasonable and normal investment expenses, to TDR Capital V L.P., and/or related investment vehicles, in accordance with the recommendation of G. Anthony Meadows, Portfolio Manager and Hamilton Lane. The final terms and conditions of the investment must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Office of Executive Director, as evidenced either by the appropriate signatures on, or by a memo to that effect appended to, the implementing investment contract.

Jason Davis moved, with Melva Vogler seconding. The motion passed with one abstention being Joe Torsella and one absent being Sen. Katie Muth.

**Resolution 2022-\_\_** Re: Antin Infrastructure Fund V SCSp

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") hereby commits an amount not to exceed €200,000,000, plus reasonable and normal investment expenses, to Antin Infrastructure Fund V SCSp, and/or related investment vehicles, in accordance with the recommendation of William P. Stalter, Senior Portfolio Manager, and Hamilton Lane. The final terms and conditions of the investment must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Office of Executive Director, as evidenced either by the appropriate signatures on, or by a memo to that effect appended to, the implementing investment contract.

A discussion followed. Rep. Frank Ryan moved to enter Executive Session, with Sec. Richard Vague seconding.

#### **Executive Session**

At 9:02 A.M., Terri Sanchez stated, "In accordance with Section 5.13 of the Bylaws of the Public School Employees' Retirement Board and Section 708(a) of the Sunshine Act, we are going into an Executive Session to discuss the items listed on today's agenda, namely, **to discuss Confidential Provisions of Proposed Action Items**, which, if conducted in public, would violate a privilege or lead to the disclosure of information or confidentiality protected by law."

Jason Davis moved that the Investment Committee enter into Executive Session. Eric DiTullio seconded the motion, which passed unanimously.

The Investment Committee returned to regular session at 9:20 A.M. Sen. Katie Muth joined the meeting.

Jason Davis moved the above resolution to invest in the Antin Infrastructure Fund V SCSp, with Eric DiTullio seconding. Upon roll call, the vote was as follows: Yea; Eric DiTullio and Patrick Lord for Sec. Eric Hagarty; Nay: Rep. Frank Ryan, Patrick Shaughnessy for Rep. Matt Bradford, Stacey Connors for Sen. Patrick Browne, Treas. Stacy Garrity, Susan Lemmo, John Callahan for Nathan Mains, Ann Monaghan, Sen. Katie Muth, and Joe Torsella; Abstentions: Christopher Santa Maria, Jason Davis, Sec. Richard Vague, and Melva Vogler. The motion failed with two for, nine against, and four abstentions.

**Resolution 2022-56** Re: EQT Exeter Industrial Value Fund VI, L.P.

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") hereby commits an amount not to exceed \$100 million plus reasonable and normal investment expenses, to EQT Exeter Industrial Value Fund VI, L.P. and/or related investment vehicles, in accordance with the recommendation of Melissa A. Quackenbush, Senior Portfolio Manager and Hamilton Lane. The final terms and conditions of the investment must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Office of Executive Director, as evidenced either by the appropriate signatures on, or by a memo to that effect appended to, the implementing investment contract.

Jason Davis moved, with Eric DiTullio seconding. The motion passed with one absent being Sen. Katie Muth.

## 7.8 Office of Chief Counsel Report

### Executive Session

At 9:42 A.M., Terri Sanchez, Executive Director, stated "In Accordance with Section 5.13 of the Bylaws of the Public School Employees' Retirement Board and Section 708(a) of the Sunshine Act, we are going into Executive Session for **Updates on Pending and Potential Litigation**, which if, conducted in public would violate a privilege or lead to the disclosure of information or confidentiality protected by law, namely Aon and *The Honorable Katie J. Muth v. Public School Employees' Retirement Board, et al.*"

Rep. Frank Ryan moved, and Jason Davis seconded the motion, which passed unanimously.

Sen. Katie Muth left the Executive Session at 10:05 before the discussion on her pending litigation. She returned to the Board meeting at 11:27 after the Executive Session closed.

Regular session resumed at 11:26 A.M.

## 7.9 Executive Director Report

Terri Sanchez presented the Executive Director's Report through a slide deck, which included:

- A memorial announcement and PSERS condolences of the passing of Mark McCollough, Executive Director of Pennsylvania Association of School Retirees.
- Discussed the Board Information Office (BIO) position and its role to assist the Board with Funston recommendations.
- Announced Mercedes Evans' departure from PSERS and the change to the Board Liaison role.
- Legislative Updates
- Budget Updates
  - For the 39<sup>th</sup> year in a row PSERS has earned the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its 2021 Annual Comprehensive Financial Report (ACFR) 39<sup>th</sup> Year PSERS
  - The Commonwealth budget for fiscal year 2022-23 provides 100% of the Actuarially Determined Contributions to PSERS for the 7<sup>th</sup> consecutive year

- PSERS received the full amount requested for each of its budgets for fiscal year 2022-23 including 10 new positions in the Investment Related Expenses appropriation and 7 new positions in the Administrative appropriation
- Rebudget materials for fiscal year 2022-23 were submitted to the Governor’s Budget Office on July 26th; approval of the rebudget is expected by August 16<sup>th</sup>
- The 2023-24 fiscal year budget compilation process has begun; the budget for each of PSERS’ appropriations will be presented to the Board for review and approval at the October 2022 meeting
- PSEA-R Gettysburg Conference Presentation July 26, 2022
- PSERS Hot Dog Day July 13, 2022

#### 7.10 Board Member Comments

Melva Vogler announced her retirement from the PSERS Board of Trustees effective December 31, 2022, and her encouragement for Susan Lemmo to consider her eligibility to run for the Retiree seat on the PSERS Board.

#### Adjournment

Without objection, the Board Meeting adjourned at 11:45 A.M.

#### Next Meeting

The next regularly scheduled meeting of the Public School Employee’s Retirement Board will be held October 21, 2022, via MS Teams and in-person at PSERS’ Headquarters, 5 North 5<sup>th</sup> Street, Harrisburg, PA.

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10/14/2022